



Senate

General Assembly

File No. 238

January Session, 2001

Substitute Senate Bill No. 1015

Senate, April 11, 2001

The Committee on Planning and Development reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE DISPOSITION OF PROPERTIES IN DEFAULT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-37x of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) As used in this section, "authority" or "housing authority" means
4 any of the public corporations created by section 8-40 and the
5 Connecticut Housing Authority when exercising the rights, powers,
6 duties or privileges of, or subject to the immunities or limitations of,
7 housing authorities pursuant to section 8-121, and "housing project"
8 means a project developed or administered pursuant to chapter 128.

9 (b) Without limiting any other powers of the Commissioner of
10 Economic and Community Development, [he] the commissioner shall
11 have power: (1) To collect and correlate information regarding housing
12 projects of authorities in the state and upon request to furnish the

13 authorities, in matters of common interest, information, advice and the
14 services of expert personnel; (2) to study state-wide needs for the
15 elimination of substandard housing to stimulate state and city
16 planning involving housing, and otherwise to study housing needs,
17 both rural and urban, and to formulate proposals for meeting these
18 needs; (3) to study methods of encouraging investment of private
19 capital in low rent housing; (4) to study the necessity, feasibility and
20 advantage of the use of state credit by way of loan or subsidy to assist
21 the financing of housing projects for persons of low income; and (5) to
22 accept grants-in-aid [of any of his powers] made pursuant to the
23 provisions of any state or federal law and, for the purpose of
24 complying with the requirements or recommendations of any such
25 law, to prepare such plans and specifications and to make such
26 studies, surveys, reports or recommendations concerning existing or
27 contemplated housing conditions or projects in the state as may be
28 necessary or appropriate.

29 (c) Notwithstanding any other provision of the general statutes, the
30 Commissioner of Economic and Community Development may, after
31 conducting a public bidding process as provided in section 8-44, enter
32 into a master contract or contracts with local, regional or state-wide
33 suppliers of labor, supplies, materials, services or personal property on
34 behalf of one or more housing authorities operating state-financed
35 housing programs or projects. The commissioner may also approve the
36 use by housing authorities, for state-financed programs or projects, of
37 the federal General Services Administration Standard Purchasing
38 Catalog, and amendments thereto, or of the consolidated supply
39 program of the United States Department of Housing and Urban
40 Development in lieu of purchases under such master contract or
41 contracts. The commissioner may, in [his] the commissioner's
42 discretion, with respect to partially completed state-financed programs
43 or projects or in the event of emergencies affecting human health,
44 safety, welfare and life or endangering property, waive the bidding
45 requirement and fiscal limits of said section 8-44.

46 (d) The Commissioner of Economic and Community Development
47 may designate as [his] the commissioner's agent any deputy
48 commissioner or any employee to exercise such authority of the
49 commissioner as [he] the commissioner delegates for the
50 administration of any applicable statute or regulation.

51 (e) As used in this subsection, "troubled loan" means a loan in which
52 payments of interest or principal, or both interest and principal, (1) are
53 delinquent under the terms of a loan agreement, or (2) may become
54 delinquent under conditions which exist which would reasonably lead
55 the Commissioner of Economic and Community Development to
56 believe that a borrower would be unable to repay the loan. Said
57 commissioner may authorize the deferred payments of interest or
58 principal, or both interest and principal, or a portion thereof, in the
59 case of a troubled loan made by the commissioner under any provision
60 of the general statutes or special acts if [he] said commissioner
61 determines the deferral to be in the best interests of the state. Such
62 determination shall be in writing and shall include a statement of the
63 reasons why the deferral is in the best interests of the state. Any
64 deferral made under the provisions of this section shall be subject to
65 the approval of the State Bond Commission.

66 (f) The Commissioner of Economic and Community Development
67 may do any of the following: (1) Upon the lawful dissolution of any
68 eligible developer of property financed with a loan, grant or any
69 combination thereof from the state, (A) the commissioner may accept
70 ownership in the name of the state of such property or to dispose of
71 such property for such price and upon such terms as the commissioner
72 deems proper, provided the action taken preserves the property for
73 housing by very low, low or moderate income persons; or (B) the
74 commissioner, after agreement by the Secretary of the Office of Policy
75 and Management, may allow such property to convert to participation
76 in any other housing programs that the commissioner is authorized to
77 operate, with the same or a new eligible developer, in order to

78 preserve the property for housing or for the benefit of very low, low or
79 moderate income persons; (2) upon an action by the commissioner to
80 preserve the state's interest in any contract for financial assistance in
81 any form that results in the state acquiring title to any property, the
82 commissioner, for the purposes of operating the property, shall be
83 considered to be an eligible developer for the purpose of receiving
84 state or federal financial assistance on behalf of the property or its
85 operation. If state or federal assistance is accepted by the commissioner
86 on behalf of any such property, and the commissioner subsequently
87 disposes of such property to an eligible developer, the commissioner
88 may execute all documents, including, but not limited to, an
89 assignment and discharge. An assignment and discharge may include,
90 but need not be limited to, any agreements, contractual commitments,
91 covenants, mortgages, notes, liens or collateral assignments that will
92 perpetuate the ongoing rights, duties and obligations of existing lawful
93 agreements; or (3) to do any acts necessary or appropriate to enforce,
94 on behalf of the state, legislative, regulatory or contractual
95 requirements.

96 [(f)] (g) The Commissioner of Economic and Community
97 Development [shall] may adopt regulations, in accordance with the
98 provisions of chapter 54, [such regulations] as may be necessary to
99 carry out the purposes of the Department of Economic and
100 Community Development as established by statute.

101 Sec. 2. This act shall take effect from its passage.

Statement of Legislative Commissioners:

In subsection (f), "shall have the power to" and "has the authority to" were changed to "may" for consistency with existing statutes; in subparagraph (A) "to" was changed to "the commissioner may" for internal consistency, "to such property" was changed to "of such property" for accuracy, and "shall preserve" was changed to "preserves" for accuracy; in subparagraph (B), "by" was deleted and "for the" was added in front of "benefit" for clarity; "or" was added in

front of "(3)" for clarity; and in subsection (g), "such" was deleted from "such regulations" for consistency with existing statutes.

HSG *JOINT FAVORABLE SUBST. C/R* PD

PD *JOINT FAVORABLE SUBST.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Department of Economic and Community Development, Office of Policy and Management

Municipal Impact: None

Explanation**State Impact:**

This bill gives the Commissioner of the Department of Economic and Community Development (DECD) the authority to remedy problems with non-performing eligible developers or properties, including the power to act as a developer on properties taken over by the state.

DECD will incur additional administrative expenses if it must take over and provide assistance or continue the development of a property. The extent of these costs will be dependent upon the number of such actions taken as well as the level and duration of DECD involvement.

DECD may also realize future legal and administrative cost avoidance if it is able to intervene in non-performing properties and prevent financial default, service interruption and property deterioration.

The bill requires the Office of Policy and Management (OPM) to review any proposals by the commissioner to convert certain property to participation in other housing programs. It is anticipated that there will be relatively few such instances, and that OPM can fulfill its duty within anticipated budgetary resources.

OLR Bill Analysis

sSB 1015

AN ACT CONCERNING THE DISPOSITION OF PROPERTIES IN DEFAULT.**SUMMARY:**

This bill sets conditions under which the economic and community development commissioner can take over or assist state-funded housing projects. He can take these actions to preserve a project as low- and moderate-income housing if the organization that owns it legally dissolves. He can also take these actions when conditions arise under which he can legally take title in order to protect the state's interest. The bill also allows the commissioner to take any actions necessary or appropriate to enforce legislative, regulatory, or contractual requirements.

The bill allows, rather than requires, the commissioner to adopt regulations to implement the department's statutory purposes.

EFFECTIVE DATE: October 1, 2001

ACTIONS WHEN A PROJECT'S OWNER DISSOLVES

The commissioner can do two things when a project's owner legally dissolves. He can accept ownership in the state's name and sell the project at a price and under terms he deems proper, or he can fund the project under any housing program he runs. He can do the latter if the same or a new developer eligible for housing funds runs the project and the Office of Policy and Management secretary approves. In both cases, the actions must preserve the project as low- and moderate-income housing.

USING FEDERAL AND STATE FUNDS

The bill also allows the commissioner to use state and federal dollars to

operate a project he acquired in order to protect the state's interests, as specified in the contract under which the state initially funded the project. In this situation, the commissioner can sell the project to an eligible developer, executing any documents that perpetuate ongoing rights, duties, and obligations specified in other existing contracts. The documents include assignments and discharges.

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Substitute Change of Reference

Yea 12 Nay 0

Planning and Development Committee

Joint Favorable Substitute Report

Yea 17 Nay 0